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2003 SEP 22 AM 9:44

WALLER LANSDEN DORTCH & DAVIS
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September 19, 2003

VIA HAND DELIVERY

Deborah Tate, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37219

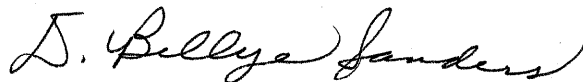
Re: Petition of Chattanooga Gas Company, Nashville Gas Company, a
division of Piedmont Natural Gas Company, Inc. and Atmos
Energy Corporation for a Declaratory Ruling regarding the
Collectibility of the Gas Cost Portion of Uncollectable Accounts
under the Purchase Gas Adjustment ("PGA") Rules
Docket No. 03-00209

Dear Chairman Tate:

Enclosed you will find four¹ (4) copies of Chattanooga Gas Company's
Supplemental Responses to Discovery Requests from the Consumer Advocate and
Protection Division in the above referenced docket.

Should you have any questions, please do not hesitate to contact me.

Sincerely,



D. Billye Sanders
Attorney for Chattanooga Gas Company

DBS/lmb
Enclosures

¹ The TRA Staff indicated that only 4 copies of the Responses to Data Requests needed to be filed
with the TRA.

Chattanooga Gas Company
Docket No. 03-00209

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Supplemental Responses (pursuant to letter from the CAPD dated
September 15, 2003) to Discovery Requests of the
Consumer Advocate and Protection Division of the
Office of the Attorney General ("CAPD") issued July 28, 2003

All objections raised in Chattanooga Gas Company's Responses to Discovery Requests filed August 30, 2003 remain in effect. Without waiving said objections, Chattanooga Gas Company provides the following supplemental information.

Discovery Request No. 2

Provide monthly expenses recorded in Account 903 (Customer Records and Collection Expenses) listed by subaccount detail, by year from the beginning of the attrition year in the company's last rate proceeding the latest month for which this information is currently available.

Supplemental Discovery Request No. 2

- (1) Chattanooga Gas Company stated that the information was not available for the period of October 1997 through December 1998 and failed to provide an explanation as to why the information is not available;
- (2) The information was not provided from January 1995 through September 1997 and no explanation was provided.

Response:

- (1) The detailed information requested for the period prior to January 1999 had not been provided because the complete data for the prior period had not been located at the time of the earlier response. Revised Attachment A to Discovery Request No. 2 includes the requested data from October 1997 through December 1998.
- (2) Chattanooga Gas Company did not provide information from January 1995 through September 1997 because such information was not requested. The information requested in Discovery Request No. 2 was from the beginning of the attrition year in the company's last rate case proceeding through the latest month for which the information was available. The attrition year for Chattanooga Gas Company's last rate case was the twelve months ended

September 1998, i.e. October 1, 1997 through September 30, 1998. As stated on page 11 of the October 7, 1998 order in TRA Docket 97-00982 - "The Company proposed a historical test period for the twelve (12) months that ended September 1996, with adjustments for attrition through September 30, 1998".

Discovery Request No. 4

Provide the amount of past due/delinquent accounts that have been collected by collectors, including outside collection agents and/or company personnel, by month, from the beginning of the attrition year in the company's last rate proceeding through the latest month for which this information is currently available. Provide detail by company personnel or collection agents.

Supplemental Discovery Request No. 4

The information from 1997 through 1999 was not provided. Please provide data for this period or if applicable, provide a detailed explanation concerning the unavailability of such data.

Response:

The requested information prior to 2000 is no longer available in the Company's computer system. The Company is in the process of identifying and retrieving from archives, paper copies of reports that contain the information necessary to respond to the discovery request. The data for 1998 has been located and is being provided. (Revised Attachment 4.) The data for October, November, and December 1997 and for calendar year 1999 will be provided, if located.

Discovery Request No. 11

Describe in detail the total of capital required to "carry" the accounts receivable balances associated with customers that pay after the due date (date when the late payment charge is added to the billed balance):

- (a) Using the latest available year and
- (b) Using the test year for the latest rate case

Supplemental Discovery Request No. 11

Chattanooga Gas Company did not respond to both parts (a) and (b) of this question. Although they explained that such reports concerning the total amount of capital required to "carry" the accounts receivable balances associated with customers that pay after the due date is not maintained in a manner that yields the

requested data, we still request that this data be provided because it is available and pursuant to discovery rules Chattanooga Gas Company must provide the data that is requested. Although the response provided to part (b) of this discovery request states that the amounts were not quantified in the company's last rate case, the information is still available and we request that you comply with the discovery request and provide the information. Therefore, please provide the information requested for both parts (a) and (b) to this discovery request.

Response:

The determination of the capital required to "carry" the accounts receivable balances associated with customers that pay after the due date item is not determined in the normal course of business and no special studies that produce such information have been conducted. No similar analysis could be located in the Company's records from the last rate case.

In addition, the development of such information would be over burdensome. Since it is not known if an account will be collected until a payment is actually received from the customer, in order to provide the analysis proposed by the CAPD, for each payment made after October 1, 1995, it would have to be determined if the payment was for a current bill, for a past due bill, or for both. For example a customer who fails to pay one month's bill may have subsequently remitted one payment for two months or more months. Part of the payment would have been for a current month while the remainder would have been for a past due amount and late payment charge. In order to determine the working capital needed as a result of customers who fail to pay by the due date, each month those customers who remit for a past due bill would have to be identified. Then each of these customers' accounts would have to be analyzed to determine the amount of the payment relative to the current portion and the amount for the past due portion of the bill. The portion of the payment on the past due balance would have to be recorded for each day of the applicable period. (For example the payment by a customer who paid the current month's and the previous month's bill, the payment for the past due amount would be recorded for each day from the mid point of the service period in which service was provided until the date the payment was received.

In other instances a customer whose service had been terminated as a result of failure to pay, may have again requested service several months or even years later and paid the outstanding balance. In such an instance the outstanding balance would be recorded for each day from the mid point of the service period until the date of collection. The process would be the same as with a customer who paid one month late but could require the outstanding balance be recorded for each day for several months or even years. In other instances a customer who failed to pay on time may have arranged to timely pay each current month's bill in future months and pay the outstanding balance over a several month period. In this instance the

portions of the bill that were not paid on time would be recorded for each day of several periods.

Once the past due amount outstanding for all customers for each day since the beginning of the test period for the last rate case, October 1, 1995 is determined, the average outstanding balance and the capital required to "carry" the accounts receivable balances associated with customers that paid after the due date can be computed for the test year as requested. A similar analysis would be required to determine the capital for subsequent periods.

The production of the report or analysis requested by the CAPD would require the engagement of outside consultants to review and analyze each of the approximately 57,000 accounts for each month since October 1, 1995.

In order to provide the CAPD the data needed to perform the analysis that it desires, Chattanooga Gas Company has determined that the data from each customer's account record is available in Microsoft Access 97 format and can be provided to the CAPD on 160 CDs. These CDs should include the raw data that could be used by the CAPD to determine the capital required to carry accounts that have been paid after the due date. These CDs include customer information for both Chattanooga Gas Company and Atlanta Gas Light Company. However, the customers can be identified by company. It is believed that the CDs containing the information can be provided to the CAPD by September 26, 2003. Chattanooga Gas Company considers the customer data to be provided to be proprietary and confidential and requests that it be handled in accordance with the protective order issued in this docket.

Discovery Request No. 13

For accounts that are collected after the due date, provide the average number of days that the account is outstanding before it is collected for the test year from the last rate case in the latest available year.

Supplemental Request No. 13

We requested information concerning the average number of days that an account is collected after the due date. Chattanooga Gas Company responded by stating that they are not in possession of the requested data and that reports are not available. We request that the company provide the data as requested. We are not seeking a report and the raw data should be available.

Response:

The information required to respond to this request item is not produced in the normal course of business and no special studies that produce such information have been conducted. No similar analysis could be located in the Company's records from the last rate case.

In addition, the development of such an analysis would be over burdensome. Since it is not known if an account will be collected until a payment is actually received from the customer, the Company would have to determine, for each payment made after October 1, 1995, if the payment was for a current bill, for a past due bill, or for both. (For example a customer who failed to pay one month's bill may have subsequently remitted one payment for two months or more months. Part of the payment would be for a current month while the remainder would be for a past due amount and late payment charge. In such an instance, the number of days the account was outstanding would be computed from the midpoint of the service period until the payment was actually received for that portion of the bill that was past due. In other instances a customer whose service had been terminated for failure to pay, may have again requested service several months or even years later and paid the outstanding balance. The process of determining the number of days would be the same but would require computing the number of days over a much longer period. In other instances a customer who failed to pay on time may have arranged to timely pay each current month's bill and pay the outstanding balance over a several month period. Again the payment would have to be segregated and assigned to the appropriate period. The number of days for each payment would have to be computed by identifying when the service related to the time payment was provided and the date the payment was actually received. In this instance parts of one past due bill would be outstanding for different lengths of time.

Also in its request, the Consumer Advocate and Protection Division (CAPD) did not define the type of average requested. The CAPD does not state if the requested average is the dollar weighted average or a simple average of the days between date service was provided and payment date? While the methodology of determining the number of days a single past due bill was outstanding, the computation of the average would be different.

In either instance the determination of the average days would require that each customer's account (approximately 57,000) be analyzed for each month. Chattanooga Gas Company does not perform such an analysis in the normal course of business and has not performed or had such analysis performed on a special project basis. In its revised request the CAPD stated: "We are not seeking a report and the raw data should be available." As explained in the response to Supplemental Request 11, Chattanooga Gas Company believes that it can provide CDs that contain the raw data requested by the CAPD by September 26, 2003.

Discovery Request No. 14

For the accounts that are collected after that due date, provide the average balance outstanding excluding late charges, for the test year from the last rate case and the latest available year.

Supplemental Discovery Request No. 14

Our original discovery request asks for the average balance outstanding excluding late charges for the test year from the last rate case and the latest available year. We hereby revise the question to ask for the amounts of all accounts that are collected after the due date for the test year from the last rate case and the latest year available year. We request that the company provide this information.

Response:

The information required to respond to this request item is not produced in the normal course of business and no special studies that produce such information have been conducted. No similar analysis could be located in the Company's records from the last rate case.

In addition, the development of such information would be over burdensome. Since it is not known if an account will be collected until a payment is actually received from the customer, the Company would have to determine, for each payment made after October 1, 1995, if the payment was for a current or for a past due bill or for both. For example a customer who failed to pay one month's bill may have subsequently remitted one payment for two or more months. Part of the payment would be for a current month while the remainder would be for a past due amount and late payment charge. In such an instance, the period to which the past due bill or the past due portion of the bill was applicable would have to be determined. The amounts applicable to past due balances would then have to be recorded for each day that the bill was outstanding. Once each account had been reviewed and the outstanding balance recorded for each day, the average could be computed. While the example of a customer who pays one month late is appears relatively simple, computing the average for customers whose service has been terminated for failure to pay but later again requested service and paid the outstanding balance could be more complicated and could require the balance be recorded for each day of several months or years. Once each of the customers' accounts (approximately 57,000) had been analyzed and amounts recorded for each day, the average outstanding could be calculated.

Since the CAPD has requested the information relative to the test year that ended seven years in the past, the development of the requested information would

require that each account be analyzed for each month since October 1, 1995. (The test period in the last Chattanooga Gas Company rate case was the twelve months ended September 30, 1996.) While information for more recent periods may be more readily available, the process of analyzing the data would extremely time consuming, overly burdensome, and would require the engagement of outside consultants. As explained in the response to Supplemental Request 11, Chattanooga Gas Company believes that it can provide CDs by September 26, 2003 that contain the raw data that relate to the CAPD inquiry.

Chattanooga Gas Company
Docket 03-00209

Consumer Advocate and Protection Division of the Office of The Attorney General
Discovery Request Docket Issued July 28,2003
Discovery Request Item No. 2 Attachment A Revised 9-18-2003

CHATTANOOGA GAS COMPANY

Month	Account 600095 - Customer Records	Account 650200 - Customer Records	Account 650300 - Account Collection
Oct-97	\$22,472.60	\$5,582.70	\$1,808.11
Nov-97	\$25,477.29	\$5,688.64	\$2,061.64
Dec-97	\$27,689.98	\$6,299.30	\$1,678.74
Jan-98	\$25,538.02	\$6,674.64	\$1,459.69
Feb-98	\$28,021.03	\$5,522.44	\$2,845.70
Mar-98	\$20,265.69	\$5,308.47	\$2,721.96
Apr-98	\$23,691.90	\$5,094.14	\$4,676.08
May-98	\$23,298.96	\$5,395.38	\$5,359.61
Jun-98	\$23,141.60	\$4,695.68	\$4,372.14
Jul-98	\$22,593.31	\$5,832.73	\$2,730.34
Aug-98	\$20,152.64	\$5,171.97	\$2,771.79
Sep-98	\$22,003.99	\$4,946.94	\$2,027.75
Oct-98	\$19,560.67	\$10,598.64	\$4,154.53
Nov-98	\$18,712.99	\$10,777.65	\$4,717.64
Dec-98	\$18,973.20	\$12,348.46	\$3,545.16
Jan-99	\$19,353.50	\$11,177.02	\$3,622.81
Feb-99	\$20,200.70	\$7,287.88	\$5,360.61
Mar-99	\$20,943.48	\$8,225.96	\$6,491.30
Apr-99	\$23,693.19	\$7,422.90	\$8,409.90
May-99	\$23,992.51	\$9,345.04	\$5,330.71
Jun-99	\$21,868.12	\$9,201.97	\$5,213.60
Jul-99	\$20,529.57	\$7,693.48	\$4,159.84
Aug-99	\$17,774.55	\$7,598.08	\$2,872.90
Sep-99	\$21,465.39	\$10,399.46	\$2,860.20
Oct-99	\$23,139.33	\$357.23	\$575.06
Nov-99	\$19,077.55	\$2,000.00	\$1,557.81
Dec-99	\$20,969.95	\$4,937.02	
Jan-00	\$27,536.00	\$1,819.82	
Feb-00	\$30,811.70	\$120.27	
Mar-00	\$27,410.00	\$1,580.72	
Apr-00	\$27,488.00	\$1,719.48	
May-00	\$26,213.43	\$1,371.78	
Jun-00	\$27,654.97	\$396.56	

Jul-00	\$28,490.43		
Aug-00	\$26,886.00	\$2,985.32	
Sep-00	\$25,617.00	\$15.00	\$465.30
Oct-00	\$28,705.00	\$30.00	\$557.76
Nov-00	\$25,266.00	\$1,388.59	\$781.64
Dec-00	\$26,050.00	\$2,983.36	\$589.73
Jan-01	\$33,147.00	\$2,390.84	\$294.86
Feb-01	\$39,486.00	\$2,256.21	\$469.53
Mar-01	\$37,434.00	\$2,293.09	\$494.48
Apr-01	\$34,218.00	\$2,316.52	\$425.70
May-01	\$31,401.00	\$2,368.42	\$374.95
Jun-01	\$25,584.00	\$2,281.31	\$447.40
Jul-01	\$21,690.00	\$1,989.67	\$770.68
Aug-01	\$22,436.00	\$358.54	\$506.50
Sep-01	\$27,187.00	\$330.34	\$436.14
Oct-01	\$30,234.00	\$75.00	\$878.98
Nov-01	\$24,264.00	\$312.22	\$471.29
Dec-01	\$23,795.00	\$190.64	
Jan-02	\$29,229.92	\$392.81	\$8,145.61
Feb-02	\$27,642.35	\$440.64	\$6,845.03
Mar-02	\$30,517.68	\$791.50	\$6,640.27
Apr-02	\$31,910.08	\$820.58	\$1,851.19
May-02	\$28,413.70	\$1,338.24	\$3,936.96
Jun-02	\$29,434.83	\$613.44	\$2,228.87
Jul-02	\$25,998.28	\$609.66	\$2,815.34
Aug-02	\$26,116.78	\$464.65	\$2,864.42
Sep-02	\$27,076.80	\$378.93	\$4,007.15
Oct-02	\$30,116.13	\$382.10	\$5,869.71
Nov-02	\$30,066.52	\$360.89	\$3,843.56
Dec-02	\$34,763.62	\$785.71	\$19,181.28
Jan-03	\$48,476.68	\$1,768.99	\$12,794.79
Feb-03	\$48,758.99	\$105.00	\$6,481.80
Mar-03	\$47,056.26	\$75.00	\$4,781.99
Apr-03	\$42,117.99	\$60.00	\$760.29
May-03	\$35,600.25	\$105.00	\$2,130.46
Jun-03	\$28,066.31	\$33.95	\$11,578.31
Jul-03	\$28,066.00	\$30.00	\$576.36

\$1,903,035.41

\$226,714.61

\$208,683.95

Chattanooga Gas Company
Docket 03-00209
Consumer Advocate and Protection Division of the Office of The Attorney General
Discovery Request Issued July 28, 2003
Discovery Request Item No. 4 Attachment A. Revised September 18, 2003

Recovery of Bad Debts-Collection Agencies

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1997													
1998	10,484.54	2,356.34	6,882.39	3,846.69	5,224.91	3,558.15	3,413.86	2,524.46	3,035.53	6,287.67	6,734.91	6,984.74	
1999													
2000	3,099.55	623.07	1,751.31	2,694.53	1,619.56	3,780.95	2,785.79	3,831.12	4,767.76	9,376.37	8,609.08	3,187.77	
2001	1,441.13	1,091.56	1,906.91	1,067.07	1,006.09	3,527.20	2,714.02	2,864.93	3,838.76	5,493.16	3,398.44	5,838.13	
2002	10,940.58	3,570.50	7,055.20	6,676.90	4,493.09	2,929.96	3,495.56	2,893.07	3,964.44	3,367.17	6,811.06	6,819.60	
2003	1,559.56	3,556.34	2,169.53	1,945.79	1,715.71	2,823.75	3,489.20						

Recovery of Bad Debts-Cash collections and Reinstated Accounts- Company Personnel

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1997													
1998	13,078.96	19,768.02	7,377.66	4,079.88	3,945.26	4,206.36	6,400.94	9,745.07	25,640.10	15,159.75	27,600.09	13,527.52	
1999													
2000	11,447.98	9,742.49	4,989.01	53,519.41	9,163.22	8,621.49	6,248.76	15,458.21	34,665.77	59,048.89	50,869.77	19,433.81	
2001	12,610.61	9,739.42	12,953.00	5,903.34	11,722.22	17,360.72	11,680.17	46,434.39	91,373.16	152,300.47	73,144.61	43,094.43	
2002	38,988.55	52,204.50	16,165.91	12,375.58	9,801.70	6,931.56	9,437.69	13,021.26	23,006.30	52,886.66	54,951.13	21,294.42	
2003	24,991.82	12,189.98	10,224.27	5,687.77	12,133.06	88,390.45							